

## CLAIMS

What is claimed and desired to be secured by Letters Patent is as follows:

1. A method for managing a retention of risk by an entity comprising the steps of:  
determining an estimate for an amount of future claims that could be brought against  
the entity;  
calculating a cost of insurance the entity should obtain to alleviate the risk due to the  
potential future claims;  
determining the entity's optimum amount of retained risk; and  
providing a funding mechanism to pay a portion of claims for which the entity has  
retained responsibility.
2. The method for managing the retention of risk according to claim 1, wherein the  
funding mechanism used to pay the claims is a dedicated line of credit.